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AUSTRALIA

CREATE CHANGE

# Mining and Social Performance: A Review

## A Rapid Desktop Scan

Centre for Social Responsibility in Mining  
Sustainable Minerals Institute

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# Background

In 2018, the Sustainable Mineral Institute’s Unlocking Complex Ore Bodies program ([link](#)) seeded an exploratory research project, ‘**Mining and Social Performance: A Review**’ ([link](#)). This project enabled the Centre for Social Responsibility in Mining (CSRM) to document the mining industry’s ‘state of play’ in terms of its social performance. This presentation reports findings from one component of this project.

Project	Outputs	Description
Mining and Social Performance: A Review	Establishing the Foundations for Effective Social Performance in the Global Mining Industry	Short publication setting out the frame of reference for the project
	A Rapid Desktop Scan of Social Performance	High-level review of commitments and leadership structures of 14 companies, using publicly available documentation
	A Snapshot Study: Organising for Social Performance in the Global Mining Industry	A series of confidential interviews with 14 of global mining industry’s most senior social performance leads, across 12 mining companies



# Defining social performance



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Social performance is defined by **a company's interactions, activities and outcomes with respect to local communities**. Performance is supported by systems, data and capability that align with international standards and locally negotiated commitments, with the objective of avoiding harm to people and ensuring a stable operating environment in which communities and companies can prosper.

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Kemp, D. and J.R. Owen (2018). Social performance gaps in the global mining industry: A position paper for executives. Centre for Social Responsibility in Mining, Sustainable Minerals Institute, The University of Queensland: Brisbane. ([link](#))

# Aims and scope

- |                             |  |
|-----------------------------|--|
| <b>This presentation</b>    | Reports findings from <b>'A Rapid Desktop Scan of Social Performance'</b> (results only).  |
| <b>Goal of rapid scan</b>   | To identify the strategic drivers and resourcing logic of the social performance function using publicly available information provided by top-tier mining companies.  |
| <b>Why public material?</b> | Making materials publicly available signals a clear intent by companies to adhere to the commitments made therein. Public documents are approved by senior leadership, and can be taken to represent a definitive statement of a company's stance. |
| <b>Whose materials?</b>     | 12 mining companies and 2 petroleum companies  |

# Companies reviewed

All companies are global. Ten mining companies are members of the International Council on Mining and Metals (ICMM). Logos are not listed in any order.



RioTinto

GLENCORE



BARRICK



BHP



Teck



AngloAmerican



MIMG



NEWMONT  
GOLDCORP™

*Note: the rapid scan was completed before the merger between Newmont Mining & Goldcorp; they are counted as two companies for this set of findings.*



OCEANA GOLD



NEWCREST  
MINING LIMITED



VALE



Chevron



# Assessing social performance leadership: 5 components

1

## Direction-setting

Whether the companies published a clear and transparent vision for social performance

2

## Standards and principles

Whether public documents exhibited a commitment to social performance standards and principles

3

## Senior leadership

Whether companies' boards and senior executives are structured in ways that promote social performance in high-level decision-making

4

## Partnerships

The extent to which partnerships are incorporated into companies' public social performance documentation

5

## Acknowledging 'downsides'

Whether companies reported actual or potential negative social impacts in publicly available documentation

# Assessment approach

## Indicators of social performance leadership

Indicators of leadership were constructed for each of the five leadership components. For each company, **'yes'** or **'no'** was recorded against each indicator. Companies showcased social performance in diverse ways (e.g. traditional report, interactive website), and we accounted for this diversity in our assessment.

## Generally low levels of public disclosure

This scan reflects relatively low levels of public disclosure by companies on their social performance architecture and internal logic for organising the function. Despite direct requests for information about the internal workings of companies, information was not as easy to access as we had anticipated.

## Documents reviewed

Although companies varied in their documentation, typical documents in this scan included:

- Annual report
- Sustainability report
- Reports specifically relating to communities, social performance, anti-corruption, and/or human rights
- Statements of company values, policies, and/or commitments
- Descriptions or diagrams showing company leadership and organisational structure

1

## Direction-setting

Whether the companies published a clear, transparent vision for social performance



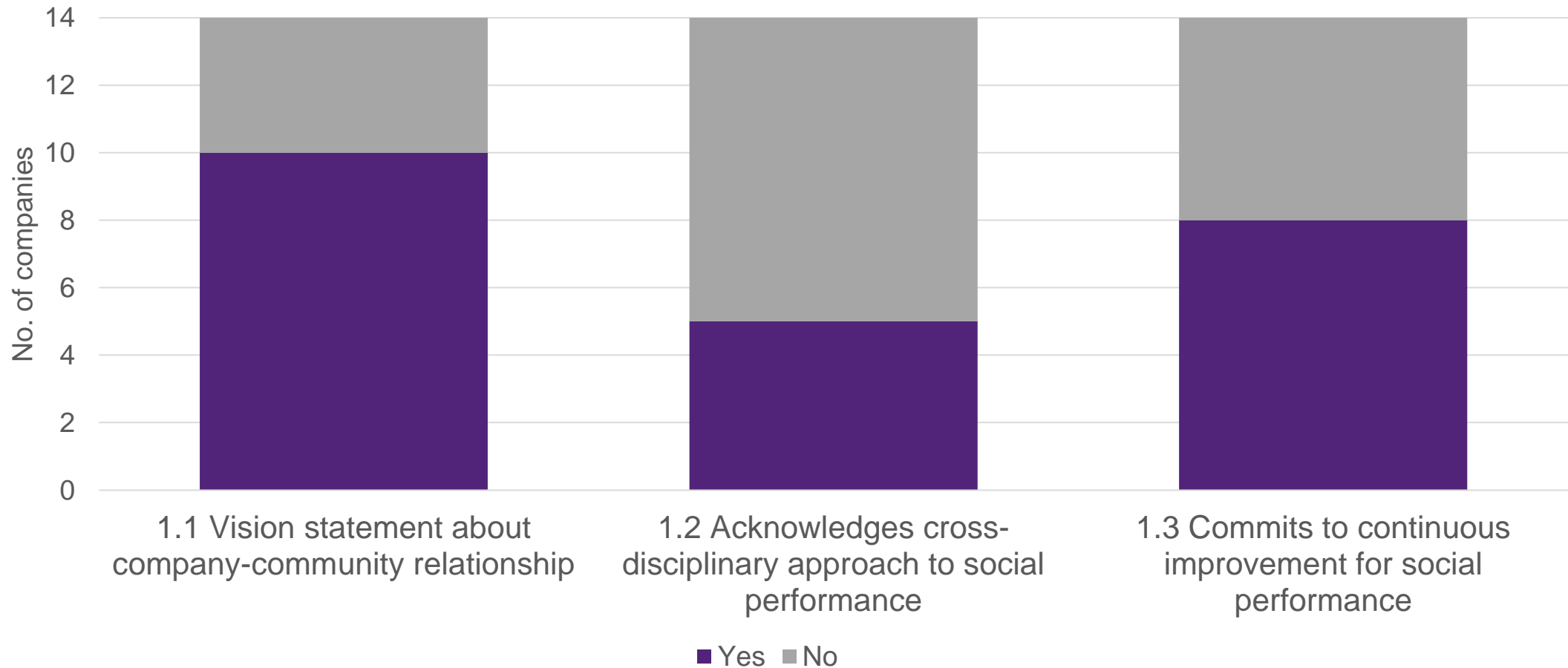
# Leadership through **direction-setting**: 3 indicators

1

Leadership component	Indicators (What did we look for?)	Rationale
<b>Direction-setting</b> Corporate social responsibility is publicly declared as part of the company's vision, mission and values	1.1 Whether there is a <b>vision statement</b> about the company-community relationship	A vision statement is a high-level and public declaration of the values of a company, which often guides company decisions
	1.2 Whether documentation acknowledges the need for <b>cross-disciplinary approaches</b> to social performance	Indicates that social performance is recognised as a technical function requiring collaboration across disciplines
	1.3 Whether documentation commits to <b>continuous improvement</b>	Other business areas (e.g. safety, product quality) commit to continuous improvement; companies should similarly look to improve social performance continuously

# Direction-setting – results against indicators

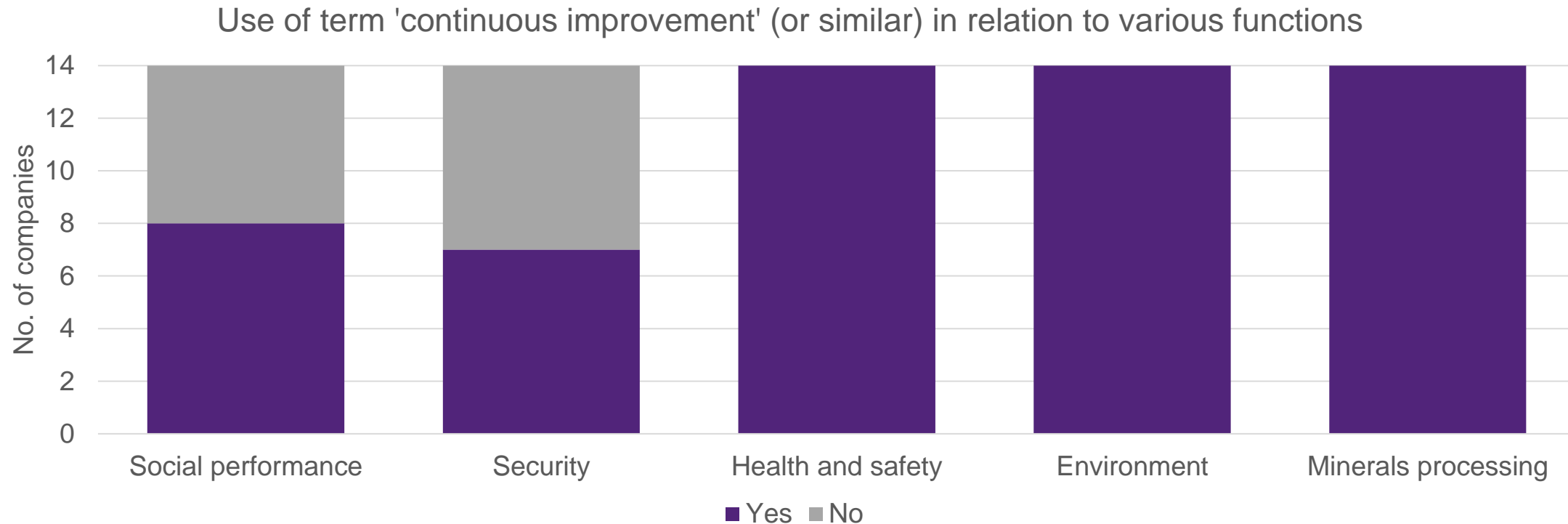
1



# Closer look at continuous improvement (indicator 1.3)

1

Of the 14 companies reviewed, 8 of 14 committed to continuous improvement in social performance – less frequently than for other functions.



## 2 **Commitment to standards and principles**

Whether public documentation exhibited a commitment to international standards and principles

# Commitment to standards and principles – indicators

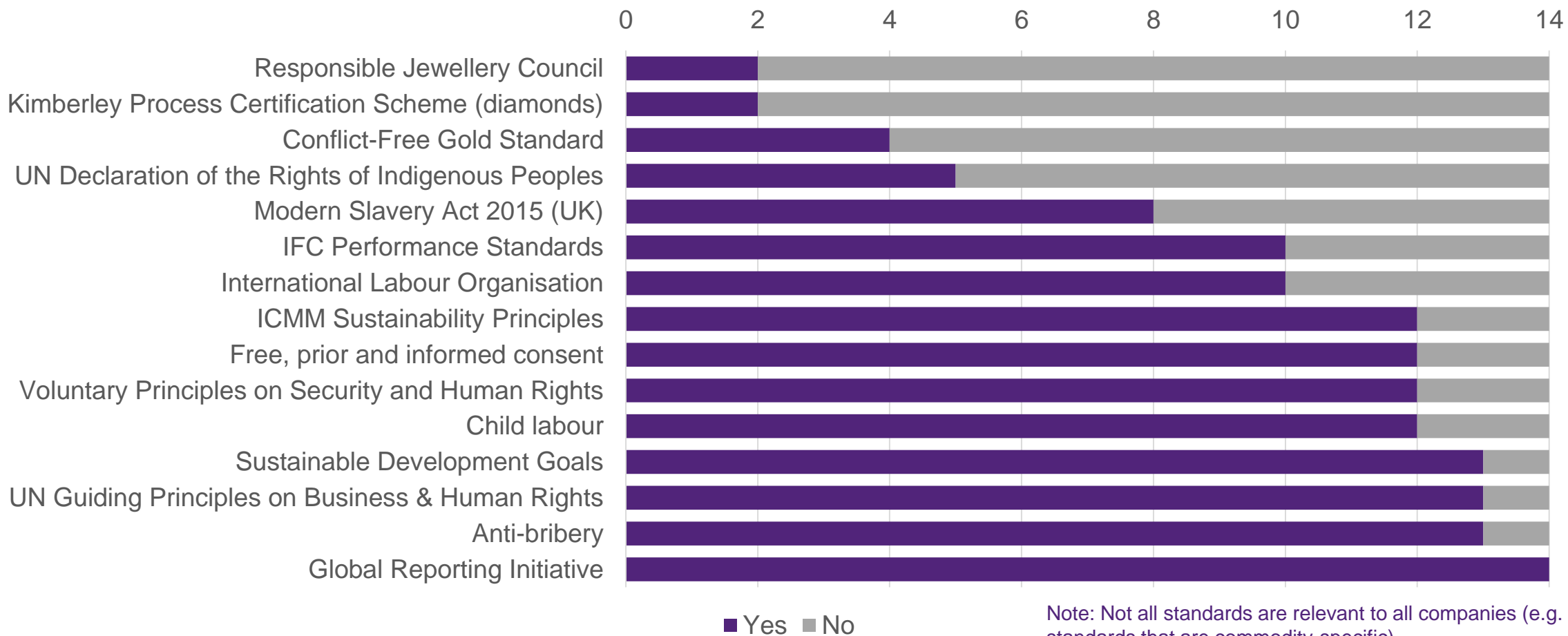
2

Leadership component	Indicators (What did we look for?)	Rationale
<p><b>Commitment to standards &amp; principles</b></p> <p>Whether public documents exhibited a commitment to social performance standards and principles</p>	<p>2.1 References to external standards and principles</p>	<p>Indicates a corporate awareness of international standards and principles.</p> <p>Notes:</p> <ul style="list-style-type: none"> <li>a. A mere reference does not indicate the extent to which a company implements standards and principles.</li> <li>b. Some companies do not directly reference a principle or standard, but endorse another document (e.g. ICMM guidance) that incorporates other principles/standards.</li> </ul>
	<p>2.2 Company publishes internal policies and standards in public domain</p>	<p>Indicator of transparency; enables public accountability of social performance</p>

# External standards and principles (indicator 2.1)

2

*No. of companies referring to external standards & principles in public documentation*



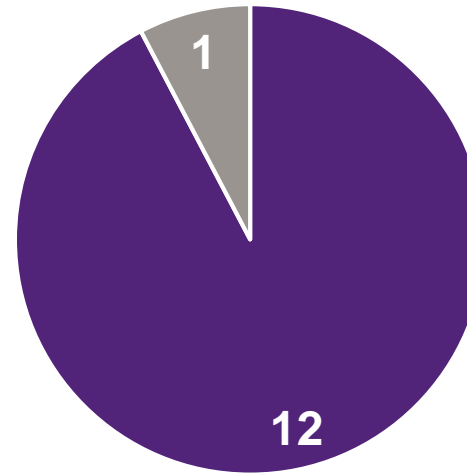
## Policies and standards in public domain (indicator 2.2)

Companies that make their policy statements and standards public demonstrate a greater degree of transparency than companies that do not. Policies and standards are distinguished as follows:

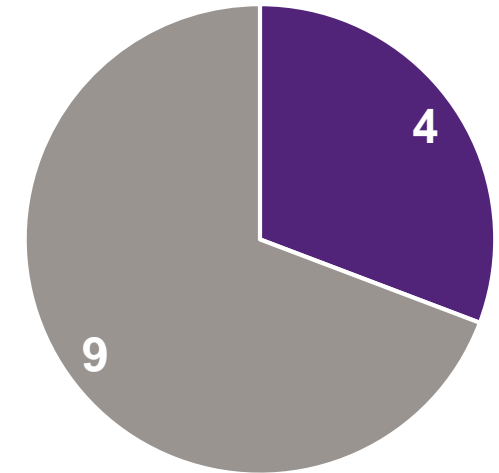
- A **policy** statement expresses broad, principled commitments.
- A **standard** sets out operational requirements to give effect to a policy – more specific than a policy.

Four of the 13 companies reviewed had made their social performance standards public.

*Do the companies make their social performance policies and standards publically available?*



**Policies**



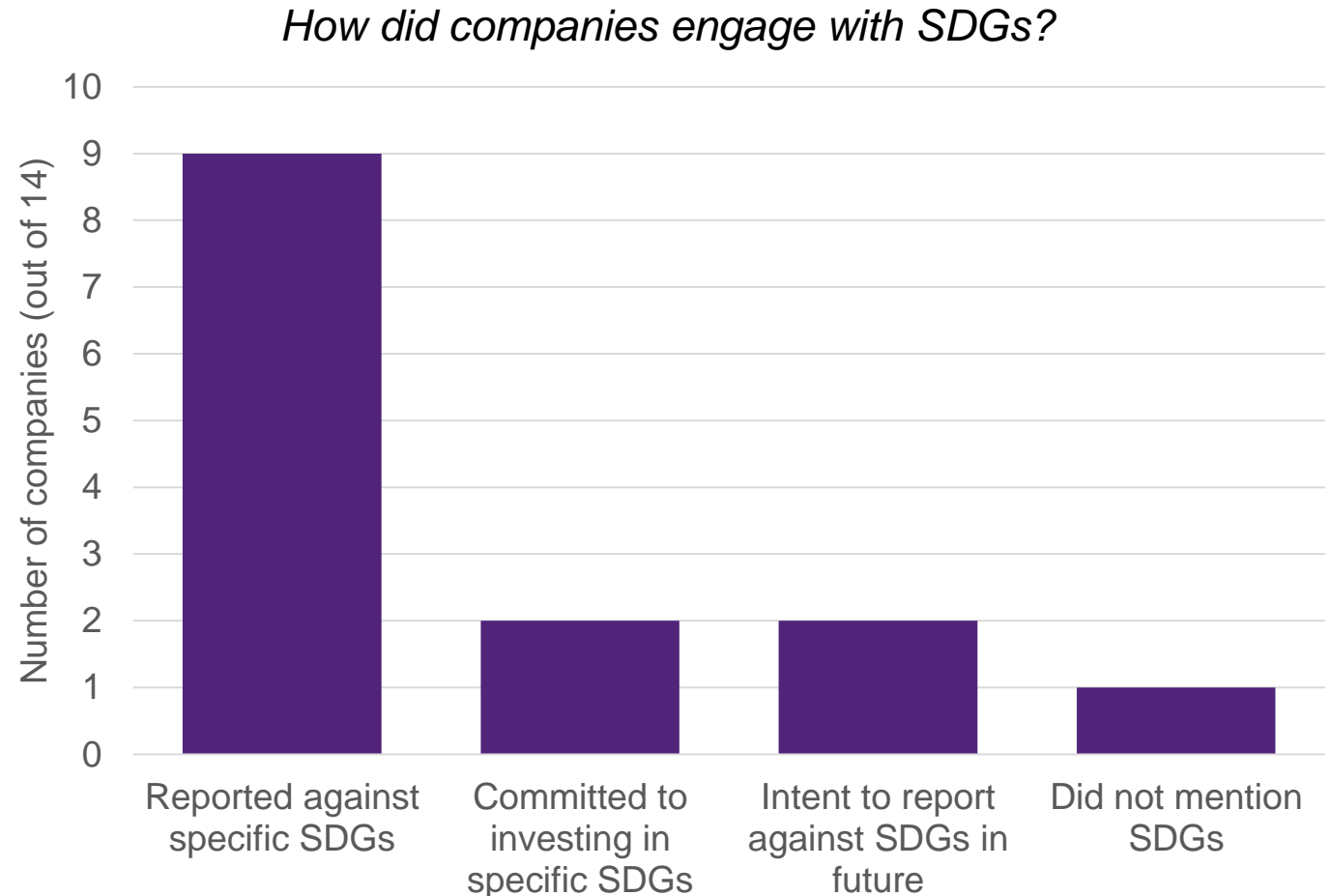
**Standards**

■ Yes ■ No

# Reporting on SDGs: closer look at indicator 2.1

The Sustainable Development Goals (SDGs) were launched in 2015, and many companies have been quick to adopt them in their CSP reporting. **Overall, 13 out of 14 companies referenced SDGs in their documentation.**

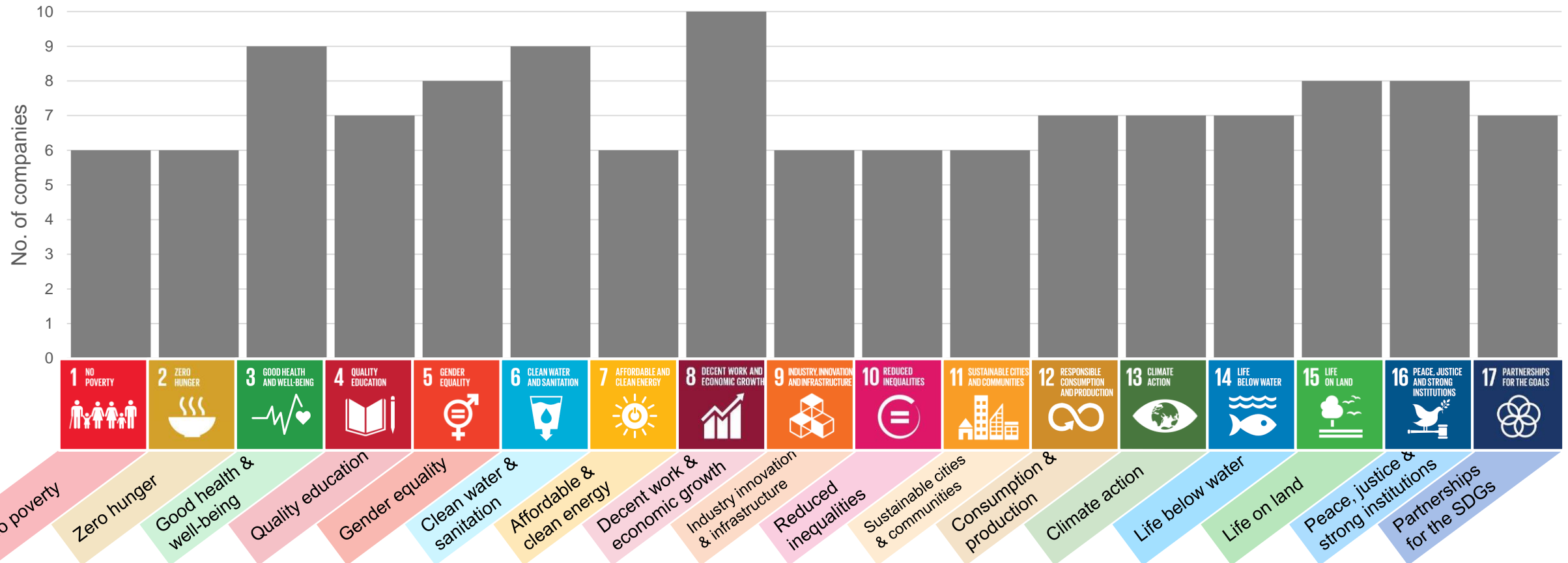
There was some variation as to how companies engaged with the SDGs in their reporting. Most (9 of 14) reported against specific SDGs.





# Reporting on SDGs: closer look at indicator 2.1

Some SDGs were more often engaged with across the set of 14 companies. Decent work and economic growth (SDG 8), good health and well-being (SDG 3), and clean water and sanitation (SDG 6) were the most frequently discussed.



3





## Senior leadership

Whether the companies' boards and senior executives structured in ways that promote social performance in high-level corporate decision-making

# Senior leadership – indicators

Leadership component	Indicators (What did we look for?)	Rationale
<p><b>Composition of senior leadership</b></p> <p>Whether the companies' boards and senior executives are structured in ways that promote social performance</p>	<p><b>3.1 Diversity:</b> whether</p> <p>(a) Board of Directors and</p> <p>(b) Senior Executive exhibit markers of diversity</p>	<p>There is some evidence that diversity affects companies' social performance. A Board or Senior Executive team was considered diverse if it comprised (as far as it could be estimated from public documentation):</p> <ul style="list-style-type: none"> <li>• More than 30% women</li> <li>• Less than 70% from the same ethnic group</li> <li>• A range of disciplinary backgrounds</li> </ul>
	<p><b>3.2</b> Whether there is a <b>specific position or portfolio</b> on</p> <p>(a) Board of Directors and</p> <p>(b) Senior Executive responsible for social performance.</p>	<p>Having social performance represented in senior leadership makes it more likely that CSP considerations influence decisions at the highest levels.</p>

# Composition of company leadership (indicators 3.1 and 3.2)

Indicator	Question	Board	Senior Executive
<b>Diversity</b> (indicator 3.1)	How many companies (of 14) have diverse leadership teams?	<p style="text-align: center;"><b>2</b> out of 14 companies</p> <p style="text-align: center;"></p>	<p style="text-align: center;"><b>3</b> out of 14 companies</p> <p style="text-align: center;"></p>
<b>Social performance representation</b> (indicator 3.2)	How many companies (of 14) have leadership positions or portfolios specifically relating to social performance?	<p style="text-align: center;"><b>1</b> out of 14 companies</p> <p style="text-align: center;"></p>	<p style="text-align: center;"><b>6</b> out of 14 companies</p> <p style="text-align: center;"></p>

3

## Closer look: social performance representation (indicator 3.2)

A company leader whose responsibility is *primarily* social performance is expected to advocate consistently for social performance – at least compared to a leader who has a broad portfolio with *multiple* responsibilities. Of the 6 senior leader positions with responsibility for social performance, **none was solely or predominantly responsible for social performance.**

Finding	Portfolio title	If mixed, what is the full portfolio?
Social performance is <b>always mixed with other responsibilities</b> at the leadership level	Public Affairs & Social Performance	Stakeholder engagement, media and reputation, social performance
	Corporate relations	Corporate communication, international and government relations, social performance and engagement
	Stakeholder relations	Safety, health, environment, communications, external relations, security and community
	Corporate affairs & sustainability	Government relations, environmental stewardship, community relations, corporate social responsibility, corporate and external communications, reclamation, security and country and political risk
	Integrated Gas & New Energies	[ <u>Eight</u> responsibilities relating to gas development and marketing], stakeholder management and customer relations, sustainable development

## 4 Partnerships

The extent to which partnerships are incorporated into companies' public social performance documentation

# Leadership through **partnerships**: context

This component of leadership relates to partnerships between a company and external organisations for the purpose of advancing social performance. In company materials, the language of partnership is often used to promote the company's social performance (e.g. 'partner of choice', 'partner for development'). This language is consistent with Sustainable Development Goal 17 ('Partnerships for the Goals').

## Defining partnership

For the rapid scan, a partnership was broadly defined as a relationship between entities (whether formal or informal), that is entered into:

- For the goal of improving social performance
- Undertaken in cooperation
- With reciprocal obligations

# Leadership through **partnerships**: indicators

Leadership component	Indicators (What did we look for?)	Rationale
<b>Partnerships</b> The extent to which partnerships are incorporated into companies' public social performance documentation	4.1 Whether company <b>vision statements</b> refer to partnership with or for communities	Indicates the company's self-perceived interdependence with local communities
	4.2 Whether company <b>policies/ standards</b> include partnerships as a strategy for achieving social performance outcomes	Demonstrates (at least) an intention to operationalise partnerships
	4.3 Whether documentation includes <b>case studies</b> of partnerships for social performance	Indicates <i>some</i> reporting of partnership outcomes
	4.4 Whether documentation reports on the scale and nature of <b>all</b> partnerships for social performance	Indicates <i>systematic</i> reporting of partnership outcomes



# Partnerships in vision statements (indicator 4.1) and in company policies (indicator 4.2)

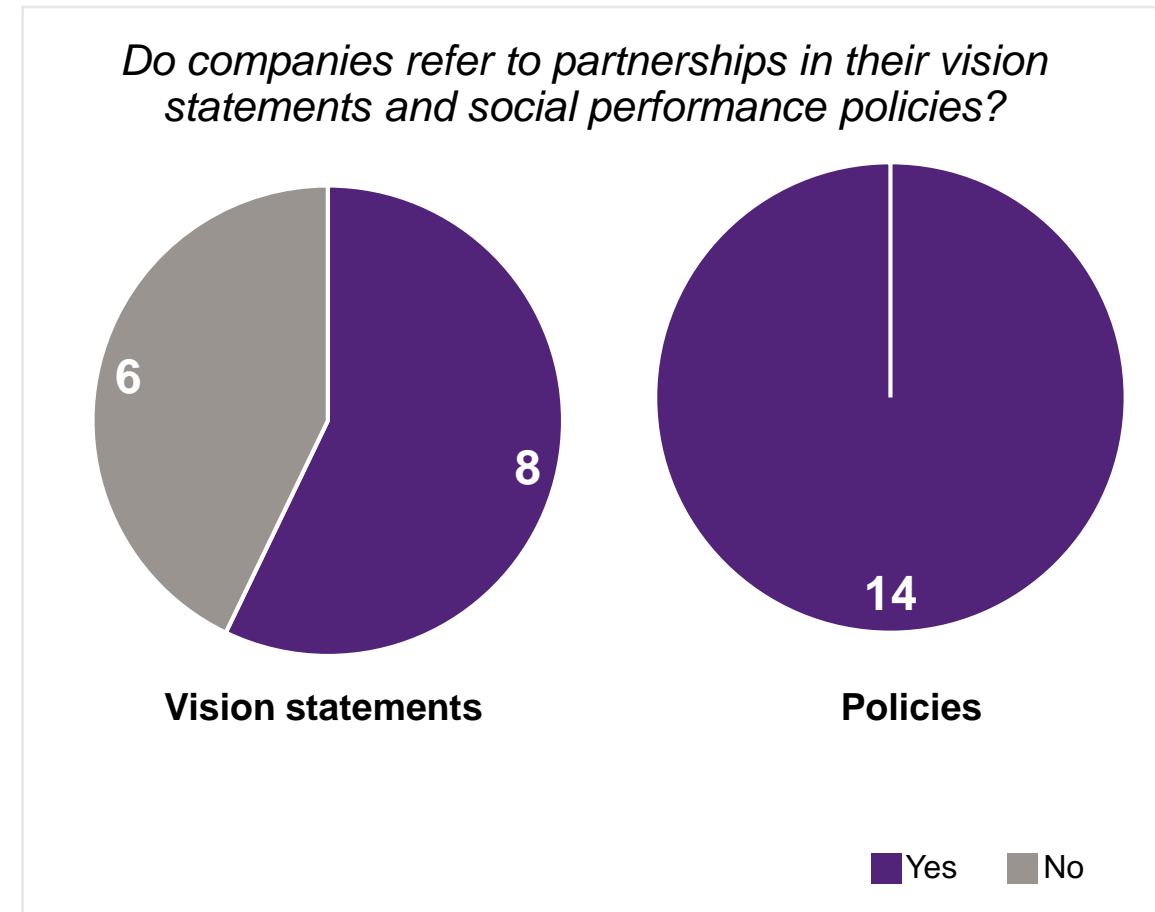
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## Vision statements

Vision statements provide guidance to company decision-makers, and can be a basis for justifying resource allocations in support of the vision. **Eight of the 14 companies reviewed had a vision statement referring to partnerships** with host communities.

## Social performance policies

**All companies acknowledged the utility of partnerships as part of social performance policy.** Partnerships were considered both a strategy for improving corporate engagement and reputation, and for extending corporate capacity to deliver on development and harm minimisation activities.



# Reporting partnerships (indicators 4.3 and 4.4)

4

**How comprehensive is the reporting by companies of social performance partnerships?** All 14 companies provided *case studies* of partnerships. Two companies provided details of *all* partnerships.

Indicator	Result
Reports <b>case studies</b> of partnerships (indicator 4.3)	<p style="text-align: center;"><b>14</b> out of 14 companies</p>
Lists <b>all</b> partnerships (indicator 4.4)	<p style="text-align: center;"><b>2</b> out of 14 companies</p>

**5** **Acknowledging ‘downsides’**  
Whether companies reported actual or potential negative social impacts in publicly available documentation

# Acknowledging ‘downsides’: context

The mining and petroleum industries can (and do) have negative social impacts on communities. In this rapid scan, we sought to ascertain whether companies acknowledge risks to communities in their public documentation – and if so, in what way and to what extent?

## Relevance of component

Public acknowledgement of negative social impacts indicates a willingness to discuss, plan for, and improve upon social performance. Acknowledgement in high-level reporting (e.g. annual reports, sustainability reports) indicates a whole-of-company recognition.

## Summary finding

**Adverse social impacts were generally not acknowledged in the public documentation, or only mentioned briefly.** Social impacts were often given a positive or neutral cast. By contrast, the potential for negative environmental impacts was widely recognised.

## How was this component assessed?

Two indicators (further detail next slide):

- 5.1 Whether negative social impacts were expressly acknowledged in public documents
- 5.2 Whether particular social issues facing the mining industry were specifically addressed

# Acknowledging ‘downsides’: indicators

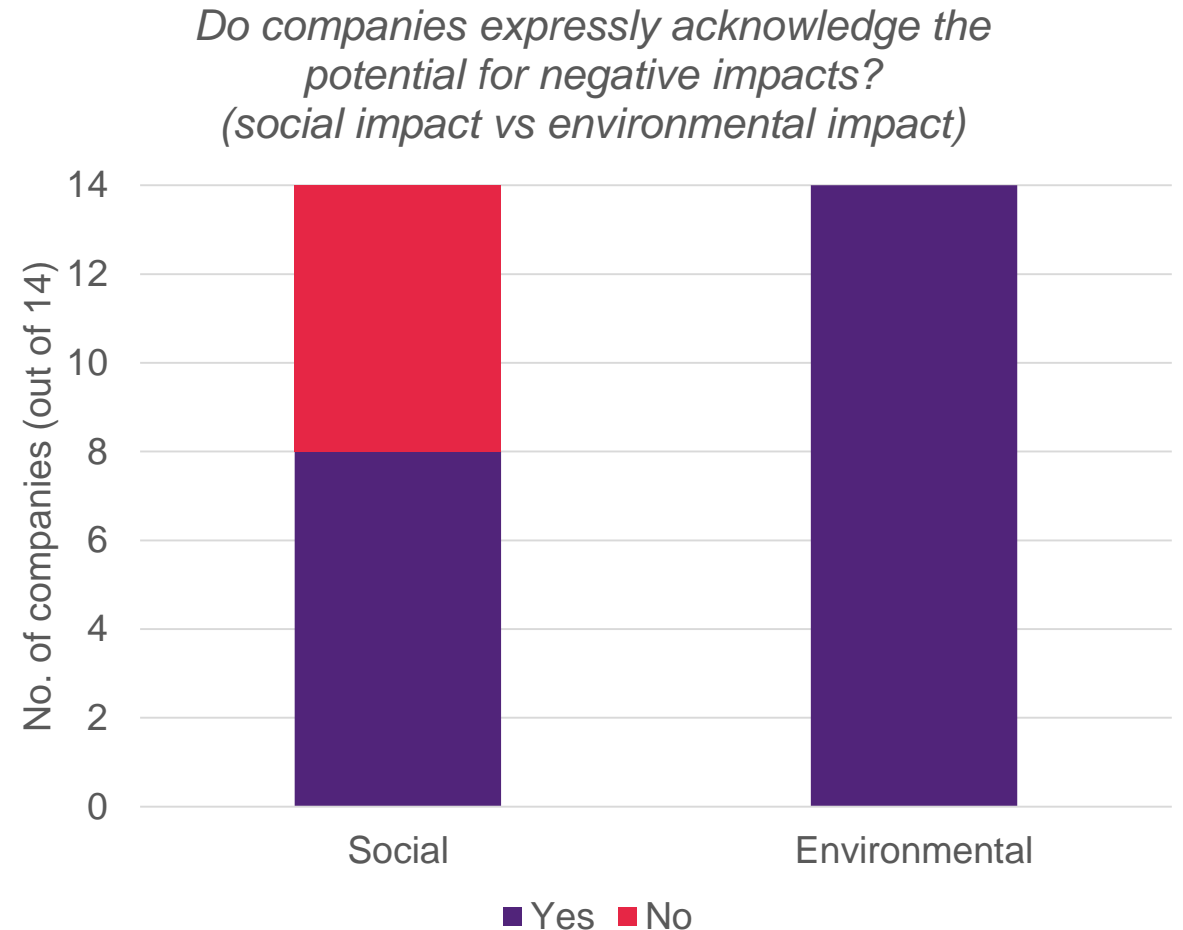
Leadership component	Indicators (What did we look for?)	Rationale
<p><b>Acknowledging ‘downsides’</b> Whether companies reported actual or potential negative social impacts in publicly available documentation</p>	<p>5.1 Whether negative social impacts were expressly acknowledged in public documents</p> <p>Notes:</p> <ul style="list-style-type: none"> <li>a. Required <i>express</i> recognition of downside; implied or neutral acknowledgement (e.g. ‘need to manage social impacts’) was insufficient.</li> <li>b. Acknowledgement must not be connected solely to environmental issues, or to a particular catastrophic event. We are interested in broader acknowledgement of multi-faceted social downsides.</li> </ul> <p>5.2 Whether particular social issues facing the mining industry were specifically addressed</p> <p>Drawn from social impact literature and international standards. Issues included: human rights, use of force, artisanal small-scale mining, involuntary resettlement, livelihood restoration, in-migration, grievances, conflicts and disputes, and health and disease (of community cf. workforce).</p>	<p>Indicates high-level acceptance that company operations can harm people; a public declaration of ‘ownership’ of social impacts. Creates imperative to improve social performance.</p> <p>Demonstrates willingness to report, at the highest corporate level, specific issues likely to result in negative social impacts</p>

# Acknowledgement of downsides (indicator 5.1)

5

Of the 14 companies reviewed, 8 expressly acknowledged that their activities can/do cause negative social impacts. Of these, **one** company provided a report of social impacts (in the form of grievances received). The remaining 7 companies provided brief acknowledgement only.

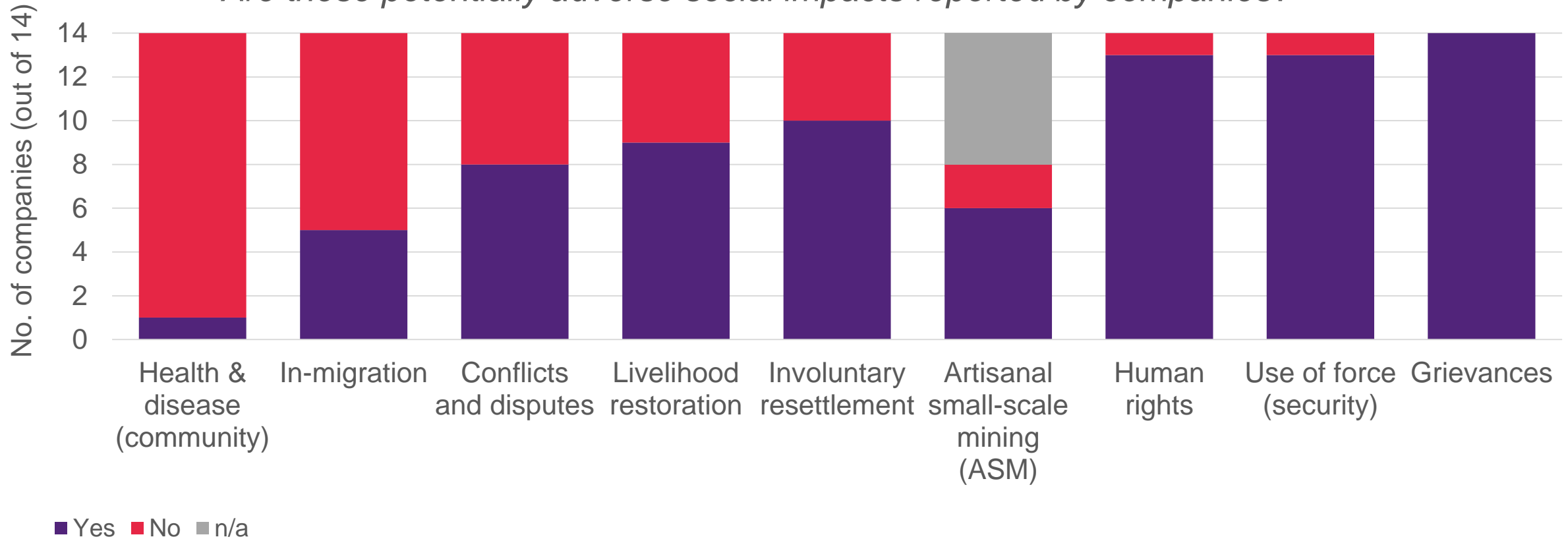
By comparison, all 14 companies acknowledged the potential for adverse environmental impacts.



# Particular social performance issues (indicator 5.2)

5

*Are these potentially adverse social impacts reported by companies?*



Note: see next slide for explanation of how these results were tallied.

# Particular social performance issues (indicator 5.2)

Adverse impact category	Counted as 'yes' if company acknowledged that ...
Grievances	Grievances from community need to be managed by appropriate systems.
Human rights	Their activities directly or indirectly contribute to risk of human rights violation. Insufficient if company merely states that human rights will be 'respected' or 'protected'.
Use of force (security)	Security personnel associated with company activities might exercise inappropriate use of force.
Involuntary resettlement	Resettlement (or displacement, or compulsory land acquisition) should be avoided where practicable, and otherwise managed carefully.
Livelihood restoration	Company activities could damage existing livelihoods, necessitating action by the company to restore livelihoods / develop alternate livelihoods.
Conflicts and disputes	Company activities could spark or exacerbate conflict in local communities.
Artisanal small-scale mining (ASM)	Their activities could negatively impact ASM enterprises. Note: marked n/a if ASM is not associated with any company activities.
In-migration	Population influx, driven by company activities, is a potential adverse social impact requiring management.
Health and disease	Mining / petroleum activities could affect the health of communities (cf. workforce)





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